

Message Text

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PAGE 01 CAIRO 07591 041607Z
ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 AGRE-00 EB-07 TRSE-00
COME-00 L-03 CIAE-00 INR-07 NSAE-00 OMB-01 AID-05
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FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 4693
INFO AMEMBASSY BONN
AMEMBASSY TOKYO
USMISSION OECD PARIS

C O N F I D E N T I A L CAIRO 7591

EO 11652: GDS
TAGS: EAID, IBRD, EG, JA
SUBJ: GOJ COMMENTS ON IBRD EGYPT CONSULATIVE GROUP MEETING

REF TOKYO 6447,

1. GOE WILL HAVE TO MAKE ITS OWN PRESENTATION AT FORTHCOMING
CONSULATIVE GROUP MEETING, OF COURSE, BUT IT MAY BE WORTH
NOTING THAT FUTURE EGYPTIAN COTTON CROPS HAVE NOT TO OUR
KNOWLEDGE BEEN "MORTGAGED" TO SOVIET UNION AS BELIEVED BY
GOJ OFFICIAL (REFTEL). WE ARE AWARE OF NO RPT NO LONG-TERM
COMMITMENT IN THAT REGARD. NORMAL LEVEL OF RAW COTTON EXPORTS
TO SOVIETS HAS AVERAGED ABOUT 30 PERCENT BY VOLUME OF TOTAL
AVAILABILITIES IN RECENT YEARS. (ONE EXCEPTION WAS SALE OF
GREATER PROPORTION OF 1974 CROP -- DELIVERED LARGELY IN 1975 -
TO USSR AT TIME WHEN WORLD PRICE WAS DOWN. GOE OBTAINED CON-
SIDERABLY HIGHER-THAN WORLD PRICE FROM SOVIETS ON THAT
OCCASION, BUT TRANSACTION OF SUCH MAGNITUDE HAS NOT BEEN
REPEATED). VALE OF OVERALL EGYPTIAN EXPORT SURPLUS IN BILATERAL
TRADE, SO FAR AS GOE IS CONCERNED (SOVIETS DIFFER), IS APPLIED
AGAINST OUTSTANDING COMMERCIAL OBLIGATIONS TO SOVIETS
DATING FROM 1960'S.

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2. GENERAL QUESTION OF GOE MILITARY DEBT RAISED BY GOJ
FONOFF OFFICIAL IS POTENTIALLY PROBLEMATIC, ESPECIALLY IF
BROUGHT TO FOCUS SEMI-PUBLICLY IN CONSULTATIVE GROUP FORUM.
IBRD AND IMF, WITH SUPPORT OF USG, HAVE TAKEN POSITION
SINCE ONSET OF SEVERE ANNUAL BOP IMBALANCES IN 1974 THAT GOE
SHOULD MAKE NO RPT NO NET REPAYMENTS OF GOVT-TO-GOVT OBLI-

GATIONS, INCLUDING LARGE SOVIET MILITARY DEBT, DURING DURATION
OF PERIOD EMERGENCY CURRENT ACCOUNT ASSISTANCE ON MASSIVE
SCALE IS REQUIRED. INSOFAR AS IT PERTAINS TO SOVIET DEBT,
THIS VIEW ACCORDS NOT ONLY WITH ECONOMIC REALITIES, BUT ALSO
WITH CHANGED GOE PERCEPTIONS UNDER SADAT OF ITS POLITICAL
INTERESTS, INDEED, CAPITAL ACCOUNT OBLIGATIONS TO USSR
FOR MILITARY EQUIPMENT HAVE NOT RECENTLY AND ARE NOT BEING
PAID, BUT EMBASSY BELIEVES COMPLEXITIES AND RAMIFICATIONS
OF QUESTION, AND LIMITED TIME AVAILABLE, PRECLUDE USEFUL
DISCUSSION OF GOE MILITARY DEBT AT CONSULATATIVE GROUP.
EILTS

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 04-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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